

Message Text

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ACTION EUR-12

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ALL OTHER CANADIAN CONSULS (BY POUCH)

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E.O. 11652:N/A
TAGS: ELAB, CA
SUBJECT: GOC PLANS NO INCREASE IN JOB CREATION PROGRAMS

REF: OTTAWA 06137

1. IN WAKE OF PUBLICATION OF JUNE UNEMPLOYMENT FIGURES SHOWING INCREASE OF 6,000 JOBLESS PERSONS FOR TOTAL OF 847,000, REFLECTING 8 PERCENT UNEMPLOYMENT RATE, HEATED EXCHANGE OCCURRED IN PARLIAMENT BETWEEN PRIME MINISTER TRUDEAU AND NEW DEMOCRATIC PARTY LEADER BROADBENT. LATTER CITED CONFIDENTIAL REPLY OF PRIME MINISTER, DATED JUNE 22, TO A REQUEST BY MANITOBA PREMIER SCHREYER (NDP) FOR A FIRST MINISTERS' CONFERENCE ON UNEMPLOYMENT IN WHICH TRUDEAU REFERRED TO NEW FEDERAL JOB CREATION PROGRAMS WHICH SHOULD BE READY FOR EARLY IMPLEMENTATION, THEREBY OBTAINING NEED FOR FEDERAL-PROVINCIAL MEETING AT PRESENT TIME.

2. DIRECTOR GENERAL OF MANPOWER EMPLOYMENT DEVELOPMENT GROUP CONGER, WHO NORMALLY HEADS TASK FORCE ON DEVELOPING JOB CREATION PROGRAMS, TOLD LABATT THAT NO REPEAT NO NEW INITIATIVES OR INCREASED FUNDING BEYOND THAT ALREADY
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BUDGETED ARE CURRENTLY UNDER CONSIDERATION. FY77-78 BUDGET OF CANADIAN DOLLARS 413 MILLION FOR VARIOUS SHORT-TERM EMPLOYMENT ACTIVITIES, WHICH IS ALMOST DOUBLE THE FY 76-77 ALLOCATION, REPRESENTS VIRTUAL SATURATION LEVEL FOR SUCH ACTIVITIES. SOME DOLLARS 100 MILLION OF CANADA WORKS FUNDING WILL BE CHANNELLED INTO NEW OR ONGOING PROJECTS WHERE THERE IS CERTAINTY THAT LOCAL PUBLIC OR

PRIVATE FUNDING WILL BE AVAILABLE WHEN FEDERAL SEED MONEY IS TERMINATED. AT PRESENT, CANADA WORKS FUNDS ARE GRANTED TO PARLIAMENTARY CONSTITUENCIES WITHOUT MUCH SUPERVISION OR CONTROL. ADDITIONALLY, CANADA WORKS FUNDS WILL BE MADE AVAILABLE TO FEDERAL GOVERNMENT DEPARTMENTS FOR JOB CREATION ACTIVITIES. CONGER SHARED THE VIEW OF MANY OTHER OBSERVERS THAT INDUSTRY HAS NOT YET ADEQUATELY RESPONDED TO TAX INCENTIVES CONTAINED IN THE MARCH BUDGET THAT WERE INTENDED TO INCREASE EMPLOYMENT IN THE PRIVATE SECTOR.

3. COMMENT: ALTHOUGH THE CONTINUING HIGH RATE OF UNEMPLOYMENT HAS BECOME A LIABILITY FOR THE TRUDEAU GOVERNMENT, IT IS APPARENTLY NOT YET OF A MAGNITUDE AS TO TRIGGER EXPANSION OF FEDERALLY-FINANCED JOB OPPORTUNITIES. (POLLS SHOW POPULARITY OF TRUDEAU AND LIBERAL PARTY ARE VERY HIGH.) IT IS WIDELY BELIEVED THAT PRIVATE INDUSTRY, DESPITE RECOVERY FROM RECESSION, WILL NOT BE ABLE TO ABSORB SUFFICIENT NUMBERS OF NEW LABOR MARKET ENTRANTS PLUS CURRENT UNEMPLOYED AS TO REDUCE THE UNEMPLOYMENT RATE MUCH BELOW THE CURRENT LEVEL IN THE SHORT TERM AT LEAST. HENCE THE GOVERNMENT SEEMS PREPARED TO RELY ON JOB CREATION PROGRAMS AT EXISTING LEVELS WHILE HOPING THAT OUTPUT AND EMPLOYMENT WILL PICK UP SOMETIME NEXT YEAR.
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